MONTANA LEGISLATIVE HISTORY

Chapter 168 19 89

Bill H 585 S _____ Original bill & history X C

H. Committee on Business and Labor			S. Committee on Business and Labor		
Hearing Date(s)	Feb 13	✓ C	Hearing Date(s)	Mar 06	✓ C
	Feb 14	✓ C			C
		C			C
		C			C
Date Out	Feb 14	✓ C		Mar 06	✓ C

Did this bill originate in an interim committee? ____Yes ____No

Committee _____ Report _____

HOUSE BILL NO. 585

INTRODUCED BY BRADLEY, VAUGHN, E. SMITH, KOLSTAD

IN THE HOUSE

FEBRUARY 3, 1987	INTRODUCED AND REFERRED TO COMMITTEE ON BUSINESS & LABOR.
FEBRUARY 14, 1987	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
FEBRUARY 16, 1987	PRINTING REPORT.
FEBRUARY 17, 1987	SECOND READING, DO PASS.
FEBRUARY 18, 1987	ENGROSSING REPORT.
	THIRD READING, PASSED. AYES, 85; NOES, 1.
	TRANSMITTED TO SENATE.

IN THE SENATE

FEBRUARY 19, 1987	INTRODUCED AND REFERRED TO COMMITTEE ON BUSINESS & INDUSTRY.
MARCH 9, 1987	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
MARCH 12, 1987	SECOND READING, CONCURRED IN.
MARCH 14, 1987	THIRD READING, CONCURRED IN. AYES, 50; NOES, 0.
	RETURNED TO HOUSE.

IN THE HOUSE

MARCH 14, 1987	RECEIVED FROM SENATE.
	SENT TO ENROLLING.

House BILL NO. 585

INTRODUCED BY Bradley Vaughn E. Smith Halstad

A BILL FOR AN ACT ENTITLED: "AN ACT REMOVING RESTRICTIONS ON AREAS THAT MAY BE SERVED BY TELEPHONE COOPERATIVES; AMENDING SECTIONS 35-18-102, 35-18-105, 35-18-106, AND 35-18-206, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. No area restriction -- telephone cooperatives. A telephone cooperative, regardless of when it was organized pursuant to 35-18-105, is not restricted by population of area served or other criteria to any area of service.

Section 2. Section 35-18-102, MCA, is amended to read:

"35-18-102. Definitions. (1) Corporations organized under this chapter and corporations which become subject to this chapter in the manner hereinafter provided are hereinafter referred to as "cooperatives".

(2) In this chapter, unless the context otherwise requires the following definitions apply:

(a) "Cable television system" means a system that receives and amplifies the signals broadcast by one or more television stations and redistributes the signals to subscribing members of the public for a fixed or periodic fee by wire, cable, microwave, or other means, whether such means are owned or leased.

(b) "Broadband" means transmission facilities capable of handling frequencies greater than those required for high grade voice communication (higher than 4 kilohertz).

(c) "Member" means each incorporator of a cooperative and each person admitted to and retaining membership therein and shall include a husband and wife admitted to joint membership.

(d) "Person" includes any natural person, firm, association, corporation, business trust, partnership, federal agency, state or political subdivision or agency thereof, or any body politic.

(e) "Rural area", as applied to all corporations organized under the provisions of 35-18-105(1), means any area not included within the boundaries of any incorporated or unincorporated city, town, village, or borough having a population in excess of 3,500 persons on March 17, 1939, or subsequent thereto, and every incorporated municipality in which 95% or more of the premises are served by an electric cooperative on February 1, 1971; ~~"rural area", as applied to all corporations organized under the provisions of 35-18-105(2), means any area not included within the boundaries of any incorporated or unincorporated city or town having a population in excess of 1,500 persons except~~

that--an--incorporated--or--unincorporated-city-or-town-with population-more-than-1,500-persons-is--considered--a--"rural area"--for--purposes--of--this--chapter--if--the--system--or facilities-serving-the--persons--in--the--city--or--town--is acquired--by--a-cooperative-by-agreement-with-the-company-or entity-serving-the-city-or-town,-or-if-the-city-or-town--was served--by--the-cooperative-when-it-had-a-population-of-less than-1,500-persons-and-subsequently--grew--to--a--population more--than--1,500--persons;--but--for--the--purposes-of-this chapter-a-"rural-area"-means-an-area-not-included-within-the boundary-of-any-incorporated-or-unincorporated-city-or--town having--a-population-in-excess-of-3,500-persons-which-is-not already-being-served-by-a-system-or-facilities."

Section 3. Section 35-18-105, MCA, is amended to read:

"35-18-105. Permissible purposes for incorporation. Cooperative nonprofit membership corporations may be organized under this chapter for the following purposes:

(1) for the purpose of supplying electric energy and promoting and extending the use thereof in rural areas, as provided in this chapter;

(2) for the purposes of making generally available in rural--areas adequate telephone service, cable television service, or broadband facilities through the improvement and expansion of existing telephone, cable television, or broadband facilities and the construction and operation of

such additional facilities as are required to assure the availability of such service to the widest practicable number of rural users thereof."

Section 4. Section 35-18-106, MCA, is amended to read:

"35-18-106. Powers of cooperatives. A cooperative shall have power to:

(1) sue and be sued in its corporate name;

(2) have perpetual existence;

(3) adopt a corporate seal and alter the same at pleasure;

(4) become a member in one or more other cooperatives or corporations or to own stock therein;

(5) construct, purchase, take, receive, lease as lessee, or otherwise acquire and to own, hold, use, equip, maintain, and operate and sell, assign, transfer, convey, exchange, lease as lessor, mortgage, pledge, or otherwise dispose of or encumber electric transmission and distribution lines or systems, electric generating plants, electric refrigeration plants, telephone lines, facilities or systems (but not telegraph or radio broadcasting services or facilities) as defined by law, lands, buildings, structures, dams, plants and equipment, and any and all kinds or classes of real or personal property whatsoever, which shall be deemed necessary, convenient, or appropriate to accomplish the purpose for which the cooperative is

organized;

(6) purchase or otherwise acquire and own, hold, use, and exercise and sell, assign, transfer, convey, mortgage, pledge, hypothecate, or otherwise dispose of or encumber franchises, rights, privileges, licenses, rights-of-way, and easements;

(7) borrow money and otherwise contract indebtedness and issue notes, bonds, and other evidences of indebtedness therefor and secure the payment thereof by mortgage, pledge, deed of trust, or any other encumbrance upon any or all of its then owned or after-acquired real or personal property, assets, franchises, revenues, or income;

(8) construct, maintain, and operate electric transmission and distribution lines or telephone, cable television, or broadband lines, facilities, or systems along, upon, under, and across all public thoroughfares, including without limitation all roads, highways, streets, alleys, bridges, and causeways and upon, under, and across all publicly owned lands, subject, however, to the same requirements in respect of the use of such thoroughfares and lands as are imposed by the respective authorities having jurisdiction thereof upon corporations constructing or operating electric transmission and distribution lines or systems or telephone lines, facilities, or systems;

(9) exercise the power of eminent domain in the manner

provided by the laws of this state for the exercise of that power by corporations constructing or operating electric transmission and distribution lines or systems or telephone lines, facilities, or systems;

(10) conduct its business and exercise any or all of its powers within or without this state;

(11) adopt, amend, and repeal bylaws;

(12) in the case of corporations organized under the provisions of 35-18-105(1):

(a) generate, manufacture, purchase, acquire, accumulate, and transmit electric energy and distribute, sell, supply, and dispose of electric energy in rural areas to its members, to governmental agencies and political subdivisions, and to other persons not in excess of 10% of the number of its members;

(b) make loans to persons to whom electric energy is or will be supplied by the cooperative for the purpose of and otherwise to assist such persons in wiring their premises and installing therein electrical and plumbing fixtures, appliances, apparatus, and equipment of any and all kinds and character and, in connection therewith, purchase, acquire, lease, sell, distribute, install, and repair such electrical and plumbing fixtures, appliances, apparatus, and equipment and accept or otherwise acquire and sell, assign, transfer, endorse, pledge, hypothecate, and

otherwise dispose of notes, bonds, and other evidences of indebtedness and any and all types of security therefor;

(c) make loans to persons to whom electric energy is or will be supplied by the cooperatives for the purpose of and otherwise to assist such persons in constructing, maintaining, and operating electric refrigeration plants;

(13) in the case of corporations organized under the provisions of 35-18-105(2):

(a) improve and expand existing telephone lines, facilities, and systems ~~in--rural--areas~~ and construct, acquire, operate, and furnish such additional telephone lines, facilities, and systems as are required to assure the availability of adequate telephone service to the widest practicable number of ~~rural~~ users thereof;

(b) make loans to persons to whom telephone service is or will be supplied by the cooperative for the purpose of and otherwise to assist such persons in wiring their premises for telephone service and installing therein telephone fixtures, appliances, apparatus, and equipment of any and all kinds and character and, in connection therewith, purchase, acquire, lease, sell, distribute, install, and repair such telephone fixtures, appliances, apparatus, and equipment and accept or otherwise acquire and sell, assign, transfer, endorse, pledge, hypothecate, and otherwise dispose of notes, bonds, and other evidences of

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indebtedness and any and all types of security therefor;

(14) do and perform any and all other acts and things and have and exercise any and all other powers which may be necessary, convenient, or appropriate to accomplish the purpose for which the cooperative is organized."

Section 5. Section 35-18-206, MCA, is amended to read:

"35-18-206. Existing corporations -- reorganization under this chapter -- articles of conversion. Any corporation organized under the laws of this state for the purpose, among others, of supplying electric energy <u>in rural areas</u> or telephone service ~~in-rural-areas~~ may become subject to this chapter with the same effect as if originally organized under this chapter by complying with the following requirements:

(1) The proposition for the conversion of such corporation into a cooperative under this chapter and proposed articles of conversion to give effect thereto shall be first approved by the board of trustees or the board of directors, as the case may be, of such corporation. The proposed articles of conversion shall recite in the caption that they are executed pursuant to this chapter and shall state:

(a) the name of the corporation prior to its conversion into a cooperative under this chapter;

(b) the address of the principal office of such

corporation;

(c) the date of the filing of its articles of incorporation in the office of the secretary of state;

(d) the statute or statutes under which such corporation was organized;

(e) the name assumed by such corporation;

(f) a statement that such corporation elects to become a cooperative, nonprofit, membership corporation subject to this chapter;

(g) the manner and basis of converting either memberships in or shares of stock of such corporation into memberships therein after completion of the conversion; and

(h) any provisions not inconsistent with this chapter deemed necessary or advisable for the conduct of its business and affairs.

(2) The proposition for the conversion of such corporation into a cooperative under this chapter and the proposed articles of conversion approved by the board of trustees or board of directors, as the case may be, of such corporation shall then be submitted to a vote of the members or stockholders, as the case may be, of such corporation at any duly held annual or special meeting thereof, the notice of which shall set forth full particulars concerning the proposed conversion. The proposition for the conversion of such corporation into a cooperative under this chapter and

the proposed articles of conversion, with such amendments thereto as the members or stockholders of such corporation shall choose to make therein, shall be deemed to be approved upon the affirmative vote of not less than two-thirds of those members of such corporation voting thereon at such meeting or, if such corporation is a stock corporation, upon the affirmative vote of the holders of not less than two-thirds of the capital stock of such corporation represented at such meeting.

(3) Upon such approval by the members or stockholders of such corporation, articles of conversion in the form approved by such members or stockholders of such corporation shall be executed on behalf of such corporation by its president or vice-president and its corporate seal shall be affixed thereto and attested by its secretary or assistant secretary. The president or vice-president executing such articles of conversion on behalf of such corporation shall also make and annex thereto an affidavit stating that the provisions of this section with respect to the approval of its trustees or directors and its members or stockholders of the proposition for the conversion of such corporation into a cooperative under this chapter and such articles of conversion were duly complied with.

(4) Such articles of conversion and affidavit shall be submitted to the secretary of state for filing as provided

in this chapter.

(5) The term "articles of incorporation" as used in this chapter shall be deemed to include the articles of conversion of a converted corporation."

NEW SECTION. Section 6. Codification instruction. Section 1 is intended to be codified as an integral part of Title 35, chapter 18, part 1, and the provisions of Title 35, chapter 18, part 1, apply to section 1.

NEW SECTION. Section 7. Effective date. This act is effective on passage and approval.

-End-

FORM

2/03	INTRODUCED		
2/03	REFERRED TO STATE ADMINISTRATION		
2/11	HEARING		
2/12	COMMITTEE REPORT--BILL NOT PASSED		
2/13	ADVERSE COMMITTEE REPORT ADOPTED	54	40

HB 585 INTRODUCED BY BRADLEY, ET AL.
REMOVE AREA RESTRICTIONS ON TELEPHONE COOPERATIVES

2/03	INTRODUCED		
2/03	REFERRED TO BUSINESS & LABOR		
2/12	HEARING		
2/14	COMMITTEE REPORT--BILL PASSED		
2/17	2ND READING PASSED	87	4
2/18	3RD READING PASSED	85	1
	TRANSMITTED TO SENATE		
2/19	REFERRED TO BUSINESS & INDUSTRY		
3/06	HEARING		
3/09	COMMITTEE REPORT--BILL CONCURRED		
3/12	2ND READING CONCURRED	49	0
3/14	3RD READING CONCURRED	50	0
	RETURNED TO HOUSE		
3/17	SIGNED BY SPEAKER		
3/17	SIGNED BY PRESIDENT		
3/18	TRANSMITTED TO GOVERNOR		
3/22	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 168 EFFECTIVE DATE: 3/22/87		

HB 586 INTRODUCED BY GOULD
MODIFY MARKETING ARRANGEMENTS FOR TABLE WINE

2/03	INTRODUCED		
2/03	REFERRED TO BUSINESS & LABOR		
2/03	FISCAL NOTE REQUESTED		
2/09	FISCAL NOTE RECEIVED		
2/10	HEARING		
2/24	COMMITTEE REPORT--BILL PASSED AS AMENDED STATEMENT OF INTENT ADOPTED		
2/24	2ND READING PASSED	93	7
2/24	3RD READING PASSED	92	7
	TRANSMITTED TO SENATE		
3/02	REFERRED TO BUSINESS & INDUSTRY		
3/16	HEARING		
3/27	COMMITTEE REPORT--BILL CONCURRED		
3/30	REREFERRED TO BUSINESS & INDUSTRY		
4/01	COMMITTEE REPORT--BILL CONCURRED AS AMENDED		
4/04	2ND READING CONCURRED	49	0
4/06	3RD READING CONCURRED	49	0
	RETURNED TO HOUSE WITH AMENDMENTS		
4/08	2ND READING AMENDMENTS NOT CONCURRED	81	2
4/08	FREE CONFERENCE COMMITTEE APPOINTED		
4/16	FREE CONFERENCE COMMITTEE REPORT		
4/20	2ND READING FREE CONFERENCE COMMITTEE REPORT ADOPTED	96	1
4/21	3RD READING FREE CONFERENCE COMMITTEE REPORT ADOPTED	96	3

MINUTES OF THE MEETING
BUSINESS AND LABOR COMMITTEE
50TH LEGISLATIVE SESSION

February 12, 1987

The meeting of the Business and Labor Committee was called to order by Chairman Les Kitselman on February 12, 1987 at 8:00 a.m. in Room 312-F of the State Capitol.

ROLL CALL: All members were present.

HOUSE BILL NO. 640 - Require Worker to Notify of Injury Within 24 Hours to Claim Workers' Compensation, sponsored by Rep. Bernie Swift, House District No. 64, Hamilton. Rep. Swift stated this bill requires that an injured worker give notice to the employer or employer's insurer within 24 hours of an injury to recover workers' compensation benefits. He commented the reason for the bill is that at present the 60-day time interval in the workers' compensation law is causing problems, and this should help alleviate some of the backlog buildup that the Division experiences.

PROPONENTS

None.

OPPONENTS

Tom Boland, attorney representing injured workers in workers' compensation system, Great Falls. Mr. Boland stated it would be outrageous to give an injured worker 24 hours notice within which to file a claim either personally or through a designee. He said the bill does not address the problem of the backlog at the Division, because the backlog starts only after a claim is filed, and the backlog has not been caused by the 60 day notice provision.

Gary Overfelt, attorney representing workers' compensation claimants, Billings. Mr. Overfelt stated that often times the most serious injuries are back injuries, and it is difficult to distinguish between a disk problem and a pulled muscle or sprain. He said this bill would prevent a lot of seriously injured people from filing a valid claim, because they did not know they were seriously injured and did not go to a doctor right away.

Jim Murry, Executive Secretary, Montana State AFL-CIO. Mr. Murry submitted written testimony. Exhibit No. 1.

QUESTIONS

None.

CLOSING

Rep. Swift stated there is no prohibition in the bill restricting anyone from filing a report, but allows for flexibilities needed in the event that there is a communications problem. He said as far as the delay in determining whether it is a real injury, this would help in that respect by beginning the process and notifying the employer of the situation. His objective, he said, is to involve both parties in the action in a timely manner and so that some prevention safety measures could be provided.

HOUSE BILL NO. 585 - Remove Area Restrictions on Telephone Cooperatives, sponsored by Rep. Dorothy Bradley, House District No. 79, Bozeman. Rep. Bradley stated that this bill removes the restrictions on areas where small telephone cooperatives may serve, because at present they can't serve an area if the population is over 1,500 individuals. She said the problem is that Mountain Bell can move into the cooperative area, but the coops can't reciprocate and compete in the Mountain Bell territory. She added that this bill would provide for equal treatment and equal amount of competition.

PROPONENTS

Jay Downen, General Manager and Executive Vice President, Montana Telephone Association. Mr. Downen stated that the bill is a compromise between the small telephone systems which serve the majority of the land mass of the state and the Mountain Bell Company. He said the bill is a means to give the small telephone systems a measure of equal footing and equity. He commented that the families or individual consumers are the motivation for introducing this bill.

Dennis Lopach, Mountain Bell. Mr. Lopach stated they are involved in a dispute involving the Public Service Commission authority to regulate the areas in which telephone companies serve, and it was decided in their favor. He said they support the concept described and embodied in the bill, the freedom of telephone companies to compete wherever they choose. He commented that given the significant changes in the industry, they feel that competition is the way the industry is headed, and they are not interested in protecting themselves from it.

OPPONENTS

Gene Phillips, Northwestern Telephone Company, Kalispell. Mr. Phillips stated the bill was of great concern to them.

He commented that the original concept of the cooperative law and the advantages given to rural telephone cooperatives was to provide low cost telephone service to people in rural areas who otherwise could not obtain it. He said this bill would take away the right that protects them to serve in certain areas without the coops moving into the area and being able to set a predatory price. He commented that their rates are regulated by the Public Service Commission and the coops' rates are not, and under this bill they wouldn't be assured that they were going to have a certain amount of growth in an area, and it wouldn't be prudent to install equipment not knowing whether they could continue to serve in that area.

Lester Loble II, representing General Telephone Company, Northwest. Mr. Loble stated they oppose this bill for the same reasons as Mr. Phillips cited. He said the coops have a substantial competitive advantage in the amount of taxes they pay.

QUESTIONS

None.

CLOSING

Rep. Bradley stated a cooperative does pay property tax and doesn't pay income tax because it it nonprofit. She said she is not interested in prohibiting competition or setting up a territorial system that would be diametrically opposed from the extensive changes made two years ago, but this is a compromise and fair.

HOUSE JOINT RESOLUTION NO. 15 - Audit of Workers' Compensation Claims Database and Related Areas, sponsored by Rep. Timothy Whalen, House District No. 93, Billings. Rep. Whalen stated that this resolution was introduced for the purpose of having an audit done on some of the practices in the state fund, and on some of the underlying data base that had not been previously audited. He said the audit is no longer necessary because the audit committee met and decided on their own to request the Legislative Auditor's Office to expand the audit, so he is requested that the bill be tabled.

EXECUTIVE ACTION ON HOUSE JOINT RESOLUTION NO. 15

Rep. Simon moved that House Joint Resolution No. 15 be TABLED. The motion carried unanimously.

HOUSE BILL NO. 626 - Limit Causes for Landlords' Recovery of Treble Damages, sponsored by Rep. Harry Fritz, House

DAILY ROLL CALL

BUSINESS & LABOR COMMITTEE

55th LEGISLATIVE SESSION -- 1987

Date FEBRUARY 12, 1987

NAME	PRESENT	ABSENT	EXCUSED
REP. LES KITSELMAN, CHAIRMAN	✓		
REP. FRED THOMAS, VICE-CHAIRMAN	✓		
REP. BOB BACHINI	✓		
REP. RAY BRANDEWIE	✓		
REP. JAN BROWN	✓		
REP. BEN COHEN	✓		
REP. JERRY DRISCOLL	✓		
REP. WILLIAM GLASER	✓		
REP. LARRY GRINDE	✓		
REP. STELLA JEAN HANSEN	✓		
REP. TOM JONES	✓		
REP. LLOYD MCCORMICK	✓		
REP. GERALD NISBET	✓		
REP. BOB PAVLOVICH	✓		
REP. BRUCE SIMON	✓		
REP. CLYDE SMITH	✓		
REP. CHARLES SWYSGOOD	✓		
REP. NORM WALLIN	✓		

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VISITORS' REGISTER

BUSINESS AND LABOR COMMITTEE

BILL NO. House Bill No. 585 DATE February 12, 1987

SPONSOR Rep. Dorothy Bradley

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
GENE PHILLIPS	NTS		X
JAY DOWNEN	MTA	X	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FOR

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

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MINUTES OF THE MEETING
BUSINESS AND LABOR COMMITTEE
50TH LEGISLATIVE SESSION

February 14, 1987

The meeting of the Business and Labor Committee was called to order by Chairman Les Kitselman on February 14, 1987 at 8:00 a.m. in Room 312-F of the State Capitol.

ROLL CALL: All members were present.

EXECUTIVE ACTION

ACTION ON HOUSE BILL NO. 694

Rep. Thomas moved that House Bill No. 694 DO PASS.

Rep. Thomas moved the amendments. Exhibit No. 1. The motion carried unanimously.

Rep. Cohen asked Rep. Thomas why there was no fiscal note with this bill as the State Auditor's Office stated it was going to cost $30,000 to implement. Rep. Thomas stated there would not be much cost involved, all they have to do is file the reports, which should not take much of their time.

Rep. Wallin stated that this seemed a lot of extra work for information that not many people were interested in, and doesn't think the bill is needed.

Rep. Brandewie asked if anybody would be able to read these reports, if the reports come in and nobody compiles them, he sees no reason in having them. Rep. Thomas responded that these forms would be similar to an annual statement that the companies print every year, and they should be readable.

Rep. Simon stated that there has to be some costs involved in this; in compiling summaries of data, adopting rules, etc. Also, he said, the bill requires collecting unnecessary data, and adding extra regulations to the insurance industry unnecessarily.

Rep. Simon moved that House Bill No. 694 BE TABLED. The motion carried with Reps. Hansen, Swysgood, Driscoll, Nisbet, Bachini, Cohen, and Thomas opposed.

ACTION ON HOUSE BILL NO. 648

Rep. Swysgood moved that House Bill No. 648 DO PASS.

Rep. Cohen moved an amendment to exclude calcuttas in any school related sport activities. He said it starts to edge too close to problems that have occurred in other parts of the nation for young people to resist in getting involved in the outcome of the game.

Rep. Driscoll moved a substitute motion on an amendment on page 1, line 18, insert, "sports event" does not mean any elementary school or high school sports event" following "rodeo". The motion carried with Rep. Simon, Rep. Swysgood, Rep. Thomas and Rep. Kitselman opposed.

Rep. Simon moved an amendment on line 11, following "auction pool" insert, "conducted for the benefit of the organizations sponsoring the event". The motion failed.

Rep. Cohen moved that House Bill No. 648 DO PASS AS AMENDED. The motion carried with Rep. Kitselman, Rep. Hansen, and Rep. Cohen opposed.

ACTION ON HOUSE BILL NO. 585

Rep. Driscoll moved that House Bill No. 585 DO PASS.

Rep. Smith stated that there is some merit to this bill, but there is a problem with it, which is taxes. He said what they were trying to do was to expand the areas that cooperatives were working in, and he is uncomfortable with that.

Rep. Simon stated he also has a problem with this because the playing field is leveled only on one side. He said that the cooperatives would be allowed to go in and begin competing against other businesses, but at the same time, the situation is not addressed that they are treated differently for tax purposes than the companies they would be competing against. He recognizes that Mountain Bell was a proponent, but he knows that other telephone companies stated that they are definitely not in favor of the bill. He said he could not support the bill.

Rep. Cohen stated that these cooperatives are providing service at a high cost in low density rural areas, and when the population grows and it is no longer a rural area but something that is a little more profitable, they lose their business to a private company, and the cooperatives are left with the low density, high cost areas. He said he doesn't see where that is in the interest of assisting these people so they can live in rural areas; until there were rural co-ops, there was no telephone service or electrical service, or much of any other services in the rural areas.

Rep. Thomas stated the rural co-ops are serving the low density rural areas, but they are not paying taxes, and are not on a level playing field, but if an area does grow and somebody takes them over, then they start paying taxes and also at the same time their costs should be going down, because of the higher density.

Rep. Driscoll stated co-ops do pay taxes. He said they pay property taxes, and every tax an investor owned corporation pays, except they don't make a profit, because they are a non-profit corporation. If they do make a profit, they lose their status, so they lower their rates or build more lines with the money, but they pay property taxes.

Chairman Kitselman stated that the technology has changed recently and the co-ops can serve the rural areas with the new satellite signals. He said the utilities are assigned territories, and as the urban area grows around them, they lose their service areas because they are no longer rural, and the other utilities come in to compete with them.

There was more discussion on the taxes the cooperatives paid.

Rep. Driscoll's motion of DO PASS was voted on. The motion carried with 8 opposed.

ACTION ON HOUSE JOINT RESOLUTION NO. 8

Rep. Simon moved that House Joint Resolution No. 8 DO PASS.

Rep. Simon moved the amendments. The motion carried unanimously.

Rep. Simon moved that House Joint Resolution No. 8 DO PASS AS AMENDED. The motion carried unanimously.

ACTION ON HOUSE BILL NO. 475

Chairman Kitselman stated he would refer this bill to the Judiciary Committee.

ACTION ON HOUSE BILL NO. 313

Rep. Pavlovich moved to reconsider the action on House Bill No. 313.

Rep. Pavlovich stated he had more amendments that he wanted to include.

DAILY ROLL CALL

BUSINESS & LABOR COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date February 14, 1987

NAME	PRESENT	ABSENT	EXCUSED
REP. LES KITSELMAN, CHAIRMAN	✓		
REP. FRED THOMAS, VICE-CHAIRMAN	✓		
REP. BOB BACHINI	✓		
REP. RAY BRANDEWIE	✓		
REP. JAN BROWN	✓		
REP. BEN COHEN	✓		
REP. JERRY DRISCOLL	✓		
REP. WILLIAM GLASER	✓		
REP. LARRY GRINDE	✓		
REP. STELLA JEAN HANSEN	✓		
REP. TOM JONES	✓		
REP. LLOYD MCCORMICK	✓		
REP. GERALD NISBET	✓		
REP. BOB PAVLOVICH	✓		
REP. BRUCE SIMON	✓		
REP. CLYDE SMITH	✓		
REP. CHARLES SWYSGOOD	✓		
REP. NORM WALLIN	✓		

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STANDING COMMITTEE REPORT

February 14 19 87

Mr. Speaker: We, the committee on BUSINESS AND LABOR

report HOUSE BILL NO. 585

☑ do pass
☐ do not pass

☐ be concurred in
☐ be not concurred in

☐ as amended
☐ statement of intent attached

Chairman

REP. LES KITSELMAN

FIRST reading copy (WHITE color)

MINUTES OF THE MEETING
BUSINESS & INDUSTRY COMMITTEE
MONTANA STATE SENATE

March 6, 1987

The twenty-ninth meeting of the Business and Industry Committee was called to order by Chairman Allen C. Kolstad at 10 a.m. on Friday, March 6, 1987, in Room 410 of the Capitol.

ROLL CALL: Seven committee members were present with Sens. McLane, Thayer and Walker excused.

CONSIDERATION OF HOUSE BILL NO. 570: Rep. Ray Brandewie, District 49, Bigfork, sponsor of the bill, said the bill provides that if a golf course has an all-beverages liquor license it may sell beverages in the clubhouse and on the course from a portable vehicle or device.

PROPONENTS: Gene Phillips, Kalispell Buffalo Hills Golf Club expressed support for the bill because their ninth hole is about two miles from the clubhouse.

Howard Johnson, representing the University golf course, supported the bill but would like it amended to include also those that serve only beer and wine.

OPPONENTS: Bob Durkee, Montana Tavern Association, felt the language in the bill is too broad and could present problems. He also was against the proposed amendment to include those with the beer and wine license.

DISCUSSION OF HOUSE BILL NO. 570: Chairman Kolstad asked for questions from the committee and Sen. Neuman asked if players could bring their own liquor onto the course, as some now do. Rep. Brandewie responded that probably would be optional as it is now.

Chairman Kolstad asked if the House committee had attempted to amend the bill to include beer and wine. Rep. Brandewie replied that they had not but it would be no problem.

The hearing on House Bill 570 was closed.

CONSIDERATION OF HOUSE BILL NO. 654: Rep. Kelly Addy, District 94, Billings, sponsor of the bill said it creates a special beer and table wine liquor license for certain non-profit arts organizations. The special license may be used at artistic or cultural exhibitions, and the annual fee is $250. The object of this is to provide revenue for the groups and that would enable them to provide more cultural events.

PROPONENTS: Rep. Addy left written testimony supporting this legislation from the Billings Chamber of Commerce and the Billings City Administrator. (EXHIBITS 1 and 2)

Brenda Schye, representing the Montana Cultural Advocacy, expressed support for several cultural groups.

OPPONENTS: Bob Durkee, representing the Montana Tavern Association, could see no need for this bill because existing law provides what is needed as a group may obtain a special license or permit for an event.

DISCUSSION OF HOUSE BILL NO. 654: Chairman Kolstad asked for questions from the Committee. Sen. Weeding asked the cost of one of those special licenses and the answer was $30.

Rep. Addy closed the hearing stating that under present law one would be limited to twelve permits per year. He stressed that the object is to allow non-profit organizations an opportunity to make money.

CONSIDERATION OF HOUSE BILL NO. 585: Rep. Dorothy Bradley, sponsor of the bill, stated that the bill provides that a telephone cooperative is not restricted by population of the area served or other criteria to any area of service. This means a cooperative is no longer limited to serving rural areas.

PROPONENTS: Jay Downen, representing the Montana Telephone Association, said that this kind of legislation is standard in all other states. They are now restricted by federal law from serving areas over 3500 population. House Bill 585 protects the consumer in those cooperatives.

Ralph Parker, vice-chairman of Three Rivers Telephone, asked that they have a right to serve some of the main towns that are in their areas.

David M. Billehus, Nemont Telephone Cooperative, felt this bill would be an equalizer and would be very important to the cooperative.

Donald Kimmel, Mid-Rivers Telephone Company, favored the bill because it gives them a chance to compete equally.

Vernon Stoner, Nemont Telephone Cooperative, felt that both sides should be playing under the same rules and felt that the 1500 stipulation is unfair.

Earl Owens, Blackfoot Telephone Cooperative, said the bill is vital to the industry because cooperatives do not enjoy the benefits of territorial integrity. The cooperatives now seek territorial or service-area parity with the investor-owned utilities in Montana and urged passage. (EXHIBIT 3)

Sharon Swanson, representing her small family corporation from Ravalli County, supported the bill because it would assure them of a telephone that works.

Rick Pokorny, representing Triangle Telephone Cooperative, supported the bill because it would give them equal opportunity. (EXHIBIT 4)

Further proponents were Olaf Hanger, Project Telephone, Billings area and Cal Simshaw, Montana Telephone Association and representing Montana's Rural Cooperatives and small telephone companies, who briefly testified for the same reasons stated above. A number of other proponents signed the visitors' register.

OPPONENTS: Gene Phillips, Kalispell, representing Northwestern Telephone Systems, contested the bill because his organization is subject to regulation by the Public Service Commission and this would provide competition from those who are not subject to the same regulations. He said they were never contacted and suspect mischief in the bill.

DISCUSSION OF HOUSE BILL NO. 585: Chairman Kolstad then called for questions from the committee.

Sen. Weeding asked Mr. Phillips and he agreed that the most important aspect is what would benefit the customer, consumer, and subscribers as well as the public.

Sen. Williams asked if they had been in contact with the Public Service Commission and Mr. Phillips replied that they had not. The staff attorney for the Public Service Commission, Geralyn Driscoll remarked that her group neither opposed nor supported the bill. They cannot give territorial protection to the companies that they regulate.

Chairman Kolstad asked Mr. Downen to clarify whether or not a cooperative can go into any urban area over 1500 and he replied they could not go into any area over 3500.

Rep. Bradley closed the hearing stating she had not meant there is a compromise but that they are trying to create good competition. She responded to predatory pricing by saying the anti-trust laws apply to everybody and that provides security.

The hearing was closed on HB 585.

CONSIDERATION OF HOUSE BILL NO. 691: Rep. Dorothy Bradley, District 79, Bozeman, sponsor, handed out proposed amendments by AT&T that were endorsed by all the supporters of the bill. (EXHIBIT 5) Rep. Bradley said the bill provides for reduced rate regulation for certain small telecommunications providers. A small provider (one serving fewer than 5,000 subscribers) could give notice of a rate increase to the public service commission, subscribers and the consumer counsel.

The PSC would review and determine the rates only if affected subscribers petition the commission for review of the proposed increase. A proposed rate increase would be effective unless within 60 days of notice by the utility the commission receives petitions with signatures of at least 10% of the affected subscribers seeking review by the commission of the proposed rate increase. She also went through the amendments which had been distributed.

PROPONENTS: Cal Simshaw, Montana Telephone Association, said the bill provides flexibility in the process to identify those instances where a full-scale regulatory oversight is necessary. An important point in the bill is that the Montana Consumer Counsel, which is the constitutionally established body designed to protect the ratepayer interest in the utility area, is very capable and will retain that discretion.

Jay Preston, representing Ronan Telephone Company and Hot Springs Telephone Company, distributed EXHIBITS 6 and 7.

Robert Helming, representing Southern Montana Telephone, Wisdom, felt this bill would save taxpayers and his customers money and would also save time for the Commission and his office. They would still be policed by the PSC.

Olaf Hanger, Project Telephone, expressed support.

Jay Downen, representing the small independent telephone companies, said the bill is written in the most part through the suggestions of the Public Service Commission, although they are opposing it. They would like AT&T, the Consumer Counsel and everyone to be as helpful as they can with this bill. He feels "where there is a public interest served, there is a need for regulation." He said this also applied to the bill and provides more protection for the consumer than they sometimes now have. This is not a de-regulating bill; it is a detariffing bill and is for the small rate increases only.

OPPONENTS: Joan Mandeville, rate analyst for the Public Service Commission, submitted EXHIBIT 8 in opposition to the bill.

DISCUSSION OF HOUSE BILL NO. 691: Chairman Kolstad then called for questions from the committee.

Sen. Williams asked Ms. Mandeville what the "strong majority" of the Public Service Commission was and she replied that she thought it was a 4-1 vote in opposition.

Sen. Neuman questioned about the cost - one person testified the cost would be prohibitive and Geralyn said it would go to as brief a process as possible. He asked for some figures and they ranged from $33,000 to $75,000.

Sen. Williams asked about the Ronan case in 1980 where it cost them $9500 for the study, what would be the guess as to what it might have cost the State or the PSC for their part of the study. Ms. Driscoll said they were in sort of a neutral role so as far as putting on a case on the consumer's side, a whole lot of that cost is borne by Consumer Counsel which would continue under this bill if they chose to. At that time it would not have been a tremendous amount.

Sen. Meyer asked Mr. Downen about his statement that an individual could protest a rate increase but the testimony from the PSC said 10% of the affected customers would have to petition. Mr. Downen said 10% of the consumers could do that and in another instance, the Consumer Counsel could initiate a case upon receipt of a call from one consumer.

There being no further questions, Rep. Bradley closed her presentation on HB 691 said it is absurd to go through a process that is as costly as the rate increase for which they are asking. She felt the PSC opposed the bill because they were very concerned about consumer protection but the bill had been meticulously drawn to give consumer protection; the 10% petitioning - it is known how many subscribers there are and exactly how many 10% would be.

The hearing was closed on HB 691.

EXECUTIVE ACTION

DISPOSITION OF HOUSE BILL NO. 691: Sen. Neuman MOVED ADOPTION OF THE AMENDMENTS proposed by Rep. Bradley on HB 691, seconded by Sen. Meyer. The MOTION PASSED UNANIMOUSLY. Sen. Neuman MOVED HB 691 BE CONCURRED IN AS AMENDED, seconded by Sen. Meyer. The MOTION PASSED UNANIMOUSLY and Sen. Neuman will carry the bill.

DISPOSITION OF HOUSE BILL NO. 585: Sen. Weeding MOVED HB 585 BE CONCURRED IN, seconded by Sen. Williams. The MOTION CARRIED UNANIMOUSLY. Sen Williams will carry the bill in the Senate.

DISPOSITION OF HOUSE BILL NO. 654: Sen. Hager moved that HB 654 BE CONCURRED IN, but following discussion by the committee, the MOTION WAS WITHDRAWN. Ms. McCue said on page 2 there is a reference to a statute that refers to all beverages and she did not understand how the beer and table wine situation fits into the all beverages quota. She also referred to another statute that deals with retail beer licenses. She suggested they wait on this bill until she could work on an amendment.

DISPOSITION OF HOUSE BILL NO. 570: Sen. Williams MOVED ADOPTION OF THE AMENDMENT to extend it to any public place with a beer and wine license, seconded by Sen. Neuman. It was pointed out that the golf course has to have the beer and wine license in

ROLL CALL

Business & Industry COMMITTEE

50th LEGISLATIVE SESSION -- 1987 Date 3/6/87

NAME	PRESENT	ABSENT	EXCUSED
ALLEN C. KOLSTAD, CHAIRMAN	✓		
TED NEUMAN, VICE CHAIRMAN	✓		
PAUL BOYLAN	✓		
TOM HAGER	✓		
HARRY H. McLANE			✓
DARRYL MEYER	✓		
GENE THAYER			✓
MIKE WALKER			✓
CECIL WEEDING	✓		
BOB WILLIAMS	✓		

Each day attach to minutes.

DATE 3/6/87

COMMITTEE ON Business & Industry

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One: Support	Check One: Oppose
Jay Wilson Kreston	Ronan Telephone Company & Hot Springs Telephone Company	HB691	✓	
JOAN MANDEVILLE	PSC	HB691		✓
David M. Billehus	Vernon Telephone Cooperative	HB585	✓	
Burl Miner	Triangle Tel. Coop. Assoc.	HB585 HB691	✓ ✓	
Buck Hannan	Lincoln Tel Co-op	HB 691	✓	
Pat Sonstelie	Montana Telephone Association	HB 585 HB 691	✓ ✓	
Robert Helbing	Southern Montana Tel Co	HB585 HB691	✓	
Earl Owens	Blackfoot Tele. Coop, Inc.	HB 585 HB 691	✓	
William R. TERRUE	Black Foot Tele. Coo.	HB585 HB691	✓	
Bob Durkee	MTA	SB 76, 654		X
GENE PHILLIPS	BUFFALO HILL G-C	HB570	X	
GENE PHILLIPS	NORTHWESTERN TELEPHONE	HB585		X
Ralph Barker	3 Rivers Tele.	HB585	✓	
Ethel C Carlson	3 Rivers Tel.	HB585	✓	
Kenneth Saunders	Mountain Telephone Coop	HB691 HB585	✓ ✓	
Paul Rasmussen	Mountain telephone Coop	HB585	✓	
Olaf Langen	Project Tele	HB585 HB691	✓ ✓	
Brenda Selge	Montana Cultural Advocacy	HB 654	X	
Vernon Stone	Vernon Telephone Coop Inc.	HB585 HB691	✓	
Howard Johnson	University Golf Course	HB 570	✓	
Donald Kimmet	Mid-Rivers Telephone Coop	HB585 HB691	✓	
Rudy Elliott	Mid-River Telephone Co.	HB585 HB691	✓	
Sharon Allen	MTI Administration	SB 76 654 691	X	
James Thompson		HB691	✓	

(Please leave prepared statement with Secretary)

NAME: Earl Owens DATE: 3/6/87

ADDRESS: 1112 N. Russell

PHONE: 406/721-2121

SENATE BUSINESS & INDUSTRY
EXH'BIT NO. 3
DATE 3-6-87
BILL NO. HB-585

REPRESENTING WHOM? Blackfoot Telephone Coop, Inc.

APPEARING ON WHICH PROPOSAL: HB 585

DO YOU: SUPPORT? ✓ AMEND? _____ OPPOSE? _____

COMMENTS: Since telephone cooperatives do not enjoy the benefits of territorial integrity, this bill is considered vital to the interests of the cooperatives and their members. Cooperatives were formed to serve rural consumers and have successfully accomplished that for over 30 years. Now, years after the cooperatives were formed, their service areas, because of growth in these areas at least partially due to the availability of cooperative provided telecommunications are becoming increasingly attractive to investor owned utilities. In the interest of equity and fair-play the cooperatives now seek territorial or service area parity with the investor owned utilities in Montana and urge the passage of HB 585.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

STANDING COMMITTEE REPORT

MARCH 6, 19 87

MR. PRESIDENT

We, your committee on BUSINESS AND INDUSTRY

having had under consideration HOUSE BILL No. 585

THIRD reading copy (BLUE color)

BRADLEY (WILLIAMS)

REMOVE AREA RESTRICTIONS ON TELEPHONE COOPERATIVES

Respectfully report as follows: That HOUSE BILL No. 585

BE CONCURRED IN

~~DO PASS~~

~~DO NOT PASS~~

SENATOR KOLSTAD, Chairman.

HOUSE BILL NO. 585

INTRODUCED BY BRADLEY, VAUGHN, E. SMITH, KOLSTAD

A BILL FOR AN ACT ENTITLED: "AN ACT REMOVING RESTRICTIONS ON AREAS THAT MAY BE SERVED BY TELEPHONE COOPERATIVES; AMENDING SECTIONS 35-18-102, 35-18-105, 35-18-106, AND 35-18-206, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. No area restriction -- telephone cooperatives. A telephone cooperative, regardless of when it was organized pursuant to 35-18-105, is not restricted by population of area served or other criteria to any area of service.

Section 2. Section 35-18-102, MCA, is amended to read:

"35-18-102. Definitions. (1) Corporations organized under this chapter and corporations which become subject to this chapter in the manner hereinafter provided are hereinafter referred to as "cooperatives".

(2) In this chapter, unless the context otherwise requires the following definitions apply:

(a) "Cable television system" means a system that receives and amplifies the signals broadcast by one or more television stations and redistributes the signals to subscribing members of the public for a fixed or periodic fee by wire, cable, microwave, or other means, whether such means are owned or leased.

(b) "Broadband" means transmission facilities capable of handling frequencies greater than those required for high grade voice communication (higher than 4 kilohertz).

(c) "Member" means each incorporator of a cooperative and each person admitted to and retaining membership therein and shall include a husband and wife admitted to joint membership.

(d) "Person" includes any natural person, firm, association, corporation, business trust, partnership, federal agency, state or political subdivision or agency thereof, or any body politic.

(e) "Rural area", as applied to all corporations organized under the provisions of 35-18-105(1), means any area not included within the boundaries of any incorporated or unincorporated city, town, village, or borough having a population in excess of 3,500 persons on March 17, 1939, or subsequent thereto, and every incorporated municipality in which 95% or more of the premises are served by an electric cooperative on February 1, 1971; ~~"rural area", as applied to all corporations organized under the provisions of 35-18-105(2), means any area not included within the boundaries of any incorporated or unincorporated city or town having a population in excess of 1,500 persons except~~

~~that--an--incorporated--or--unincorporated-city-or-town-with population-more-than-1,500-persons-is--considered--a--"rural area"--for--purposes--of--this--chapter--if--the--system--or facilities-serving-the--persons--in--the--city--or--town--is acquired--by--a-cooperative-by-agreement-with-the-company-or entity-serving-the-city-or-town,-or-if-the-city-or-town--was served--by--the-cooperative-when-it-had-a-population-of-less than-1,500-persons-and-subsequently--grew--to--a--population more--than--1,500--persons;--but--for--the--purposes-of-this chapter-a-"rural-area"-means-an-area-not-included-within-the boundary-of-any-incorporated-or-unincorporated-city-or--town having--a-population-in-excess-of-3,500-persons-which-is-not already-being-served-by-a-system-or-facilities."~~

Section 3. Section 35-18-105, MCA, is amended to read:

"35-18-105. Permissible purposes for incorporation. Cooperative nonprofit membership corporations may be organized under this chapter for the following purposes:

(1) for the purpose of supplying electric energy and promoting and extending the use thereof in rural areas, as provided in this chapter;

(2) for the purposes of making generally available ~~in rural--areas~~ adequate telephone service, cable television service, or broadband facilities through the improvement and expansion of existing telephone, cable television, or broadband facilities and the construction and operation of

such additional facilities as are required to assure the availability of such service to the widest practicable number of ~~rural~~ users thereof."

Section 4. Section 35-18-106, MCA, is amended to read:

"35-18-106. Powers of cooperatives. A cooperative shall have power to:

(1) sue and be sued in its corporate name;

(2) have perpetual existence;

(3) adopt a corporate seal and alter the same at pleasure;

(4) become a member in one or more other cooperatives or corporations or to own stock therein;

(5) construct, purchase, take, receive, lease as lessee, or otherwise acquire and to own, hold, use, equip, maintain, and operate and sell, assign, transfer, convey, exchange, lease as lessor, mortgage, pledge, or otherwise dispose of or encumber electric transmission and distribution lines or systems, electric generating plants, electric refrigeration plants, telephone lines, facilities or systems (but not telegraph or radio broadcasting services or facilities) as defined by law, lands, buildings, structures, dams, plants and equipment, and any and all kinds or classes of real or personal property whatsoever, which shall be deemed necessary, convenient, or appropriate to accomplish the purpose for which the cooperative is

organized;

(6) purchase or otherwise acquire and own, hold, use, and exercise and sell, assign, transfer, convey, mortgage, pledge, hypothecate, or otherwise dispose of or encumber franchises, rights, privileges, licenses, rights-of-way, and easements;

(7) borrow money and otherwise contract indebtedness and issue notes, bonds, and other evidences of indebtedness therefor and secure the payment thereof by mortgage, pledge, deed of trust, or any other encumbrance upon any or all of its then owned or after-acquired real or personal property, assets, franchises, revenues, or income;

(8) construct, maintain, and operate electric transmission and distribution lines or telephone, cable television, or broadband lines, facilities, or systems along, upon, under, and across all public thoroughfares, including without limitation all roads, highways, streets, alleys, bridges, and causeways and upon, under, and across all publicly owned lands, subject, however, to the same requirements in respect of the use of such thoroughfares and lands as are imposed by the respective authorities having jurisdiction thereof upon corporations constructing or operating electric transmission and distribution lines or systems or telephone lines, facilities, or systems;

(9) exercise the power of eminent domain in the manner

provided by the laws of this state for the exercise of that power by corporations constructing or operating electric transmission and distribution lines or systems or telephone lines, facilities, or systems;

(10) conduct its business and exercise any or all of its powers within or without this state;

(11) adopt, amend, and repeal bylaws;

(12) in the case of corporations organized under the provisions of 35-18-105(1):

(a) generate, manufacture, purchase, acquire, accumulate, and transmit electric energy and distribute, sell, supply, and dispose of electric energy in rural areas to its members, to governmental agencies and political subdivisions, and to other persons not in excess of 10% of the number of its members;

(b) make loans to persons to whom electric energy is or will be supplied by the cooperative for the purpose of and otherwise to assist such persons in wiring their premises and installing therein electrical and plumbing fixtures, appliances, apparatus, and equipment of any and all kinds and character and, in connection therewith, purchase, acquire, lease, sell, distribute, install, and repair such electrical and plumbing fixtures, appliances, apparatus, and equipment and accept or otherwise acquire and sell, assign, transfer, endorse, pledge, hypothecate, and

otherwise dispose of notes, bonds, and other evidences of indebtedness and any and all types of security therefor;

(c) make loans to persons to whom electric energy is or will be supplied by the cooperatives for the purpose of and otherwise to assist such persons in constructing, maintaining, and operating electric refrigeration plants;

(13) in the case of corporations organized under the provisions of 35-18-105(2):

(a) improve and expand existing telephone lines, facilities, and systems ~~in--rural--areas~~ and construct, acquire, operate, and furnish such additional telephone lines, facilities, and systems as are required to assure the availability of adequate telephone service to the widest practicable number of ~~rural~~ users thereof;

(b) make loans to persons to whom telephone service is or will be supplied by the cooperative for the purpose of and otherwise to assist such persons in wiring their premises for telephone service and installing therein telephone fixtures, appliances, apparatus, and equipment of any and all kinds and character and, in connection therewith, purchase, acquire, lease, sell, distribute, install, and repair such telephone fixtures, appliances, apparatus, and equipment and accept or otherwise acquire and sell, assign, transfer, endorse, pledge, hypothecate, and otherwise dispose of notes, bonds, and other evidences of

indebtedness and any and all types of security therefor;

(14) do and perform any and all other acts and things and have and exercise any and all other powers which may be necessary, convenient, or appropriate to accomplish the purpose for which the cooperative is organized."

Section 5. Section 35-18-206, MCA, is amended to read:

"35-18-206. Existing corporations -- reorganization under this chapter -- articles of conversion. Any corporation organized under the laws of this state for the purpose, among others, of supplying electric energy in rural areas or telephone service ~~in-rural-areas~~ may become subject to this chapter with the same effect as if originally organized under this chapter by complying with the following requirements:

(1) The proposition for the conversion of such corporation into a cooperative under this chapter and proposed articles of conversion to give effect thereto shall be first approved by the board of trustees or the board of directors, as the case may be, of such corporation. The proposed articles of conversion shall recite in the caption that they are executed pursuant to this chapter and shall state:

(a) the name of the corporation prior to its conversion into a cooperative under this chapter;

(b) the address of the principal office of such

corporation;

(c) the date of the filing of its articles of incorporation in the office of the secretary of state;

(d) the statute or statutes under which such corporation was organized;

(e) the name assumed by such corporation;

(f) a statement that such corporation elects to become a cooperative, nonprofit, membership corporation subject to this chapter;

(g) the manner and basis of converting either memberships in or shares of stock of such corporation into memberships therein after completion of the conversion; and

(h) any provisions not inconsistent with this chapter deemed necessary or advisable for the conduct of its business and affairs.

(2) The proposition for the conversion of such corporation into a cooperative under this chapter and the proposed articles of conversion approved by the board of trustees or board of directors, as the case may be, of such corporation shall then be submitted to a vote of the members or stockholders, as the case may be, of such corporation at any duly held annual or special meeting thereof, the notice of which shall set forth full particulars concerning the proposed conversion. The proposition for the conversion of such corporation into a cooperative under this chapter and

the proposed articles of conversion, with such amendments thereto as the members or stockholders of such corporation shall choose to make therein, shall be deemed to be approved upon the affirmative vote of not less than two-thirds of those members of such corporation voting thereon at such meeting or, if such corporation is a stock corporation, upon the affirmative vote of the holders of not less than two-thirds of the capital stock of such corporation represented at such meeting.

(3) Upon such approval by the members or stockholders of such corporation, articles of conversion in the form approved by such members or stockholders of such corporation shall be executed on behalf of such corporation by its president or vice-president and its corporate seal shall be affixed thereto and attested by its secretary or assistant secretary. The president or vice-president executing such articles of conversion on behalf of such corporation shall also make and annex thereto an affidavit stating that the provisions of this section with respect to the approval of its trustees or directors and its members or stockholders of the proposition for the conversion of such corporation into a cooperative under this chapter and such articles of conversion were duly complied with.

(4) Such articles of conversion and affidavit shall be submitted to the secretary of state for filing as provided

in this chapter.

(5) The term "articles of incorporation" as used in this chapter shall be deemed to include the articles of conversion of a converted corporation."

NEW SECTION. Section 6. Codification instruction. Section 1 is intended to be codified as an integral part of Title 35, chapter 18, part 1, and the provisions of Title 35, chapter 18, part 1, apply to section 1.

NEW SECTION. Section 7. Effective date. This act is effective on passage and approval.

-End-